

DEPARTMENT OF STATE REVENUE

Information Bulletin #64
Income Tax
August 2014
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SUBJECT: Interest Rates on Assessments of Delinquent Taxes and Refunds for Overpayment of Taxes for Listed Taxes under [IC 6-8.1-1-1](#)

REFERENCE: [IC 6-8.1-1-1](#); [IC 6-8.1-9-2](#); [IC 6-8.1-9-5](#); [IC 6-8.1-10-1](#)

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SUMMARY OF CHANGES

Aside from nonsubstantive, technical changes, this bulletin reflects the change made in HEA 1005-2014, which provides that the interest rate charged on deficiencies and the interest paid on tax refunds is based on the average investment yield on state general fund money, instead of including the earnings from all funds.

I. DEFICIENCIES

If a taxpayer fails to file a return, fails to pay the full amount of tax, or files a late return with tax due, the taxpayer is subject to interest (and possibly penalty) on any outstanding balance of tax due after the due date of the return under [IC 6-8.1-10-1](#). The interest on nonpayment of tax accrues at the rate established by the commissioner from the due date until the date on which full payment of the tax is received.

II. REFUNDS

A taxpayer who pays more than is legally due may file a claim for refund for which interest is calculated on the overpayment based on the established annual rate. The interest will be applied to any refund after all required refund offsets are made for taxes currently due. Interest will be added to a refund made if the refund is not issued within 90 days of the date on which a refund claim is filed. Interest accrues on refunds until the date the refund is calculated. The accrual of interest or the suspension of accrual cannot precede the payment by more than 30 days.

III. ADJUSTED INTEREST RATE ESTABLISHED BY THE COMMISSIONER

[IC 6-8.1-10-1](#) provides that the interest rate charged for a tax deficiency and the interest rate paid for an excess tax payment will be the same.

The interest rate for a calendar year will be the average investment yield on state general fund money during the state's previous fiscal year, excluding pension fund investments, as determined by the Treasurer of State and reported to the commissioner of the Department of Revenue on or before October 1 of each year, plus two percentage points, rounded to the nearest whole number.

For more information concerning current and past interest rates, please see Departmental Notice #3, available at www.in.gov/dor/reference/files/dn03.pdf.

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Commissioner

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